

Message Text

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60

ACTION COME-00

INFO OCT-01 ARA-16 ISO-00 EB-11 EA-11 SSO-00 NSCE-00

INRE-00 EUR-25 L-03 NSC-10 INT-08 TRSE-00 DRC-01

USIE-00 CIAE-00 INR-10 NSAE-00 PA-04 RSC-01 PRS-01

SPC-03 /105 W

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FM AMEMBASSY QUITO

TO SECSTATE WASHDC IMMEDIATE 9823

C O N F I D E N T I A L QUITO 0609

PASS COMMERCE BMEP

E.O. 11652: GDS

TAGS: ENRG, BEXP, EC

SUBJ: PETROLEUM REFINERY

REF: STATE 017827

1. IN TELEPHONIC DISCUSSION WITH GEN MARCOS GANDARA, EMBOFF WAS TOLD THAT RUMORS ARE CIRCULATING THAT GOE IS CONSIDERING RE-EXAMINING SNAM-PROGETTI OFFER TO BUILD REFINERY. AS GANDARA HAS IT, PROBLEM IS NOT SO MUCH GOE DISENCHANTMENT WITH SUMITOMO-CHIYODA AS LATTER CONSORTIUM HAVING SECOND THOUGHTS ABOUT CONTRACT, WHICH JAPANESE FEEL IS DISADVANTAGEOUS TO THEM. JAPANESE ALSO REPORTEDLY EXPERIENCING "YEN PROBLEMS". GANDARA WOULD GIVE NO FURTHER EXPLANATION, NOR DOD HE NAME SOURCES FROM WHICH HE LEARNED THIS.

2. GANDARA SAYS SNAM-PROGETTI REPRESENTATIVE WAS IN QUITO LAST WEEK. HOWEVER, EMBOFF CALLED ITALIAN CHARGE DR. DAMIS ON JANUARY 25 TO INQUIRE ABOUT RUMORS AND SNAM-PROGETTI. DAMIS EXPRESSED TOTAL IGNORANCE OF ANY RUMORS BUT SAID HE WOULD INVESTIGATE AND INFORM EMBOFF OF RESULTS.

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3. FINALLY, GANDARA SAID MCKEE COULD RE-ENTER PICTURE ONLY

IF GOE DECIDED TO RE-OPEN BIDDING.

4. ACCORDING PRESS, SUMITOMO-CHIYODA REP IS EXPECTED TO ARRIVE IN QUITO TO PIN DOWN DETAILS OF REFINERY CONTRACT. A SOURCE IN THE CENTRAL BANK SAYS THAT ECUADOR IS SEEKING A CASH DISCOUNT FROM SUMITOMO-CHIYODA BECAUSE GOE HAS DECIDED TO FUND REFINERY FROM ITS OWN PETROLEUM INCOME. THIS DEMAND GIVES THE JAPANESE A PROBLEM. WE WILL CONTINUE TO ATTEMPT TO DETERMINE SERIOUSNESS OF SUCH PROBLEMS THROUGH OFFICIAL SOURCES.
BREWSTER

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Message Attributes

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